

Charges for "900 number" calls are specifically subject to Telecommunications Excise Tax. See 86 Ill. Adm. Code 495.100(h). (This is a GIL.)

January 4, 1999

Dear Mr. Xxxxx:

This letter is in response to your letter dated October 28, 1998. The nature of your letter and the information you have provided require that we respond with a General Information Letter which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 86 Ill. Adm. Code 1200.120(b) and (c), enclosed.

In your letter, you have stated and made inquiry as follows:

I am interested in providing 'non-regulated' 900 telephone information service on an interstate basis, for third party customers. All business will be conducted via telephone lines and end-users will be billed through their local telephone statements. Florida is the only state within which the company will have physical presence and Nexus. In conjunction with this service I am requesting the following information from your office regarding the tax liability of this service in your tax jurisdiction

1. Are interstate 900 telephone call records taxable in your tax jurisdiction?
2. If so, under which tax law and/or ordinance:
 - a. Sales/Use tax?
 - b. Gross Receipts?
 - c. Public Utility Commission?
 - d. Other?
3. Please provide a copy of the statute and/or ordinance under which the Tax section of this Law applies.
4. What is the taxable classification for 900 telephone calls in your tax jurisdiction:
 - a. Information/Entertainment Services
 - b. Telecommunication Services
 - c. Other
5. If taxed as telecommunications, are these considered Interstate or Intrastate calls?
6. At what rate and on what basis does the tax apply?

7. When is the tax due and payable? What return is required to be filed?
8. Can I use computer generated forms? (Please provide a sample of your form.)
9. Are there any registration requirements in your jurisdiction for the type service I am providing? (Please provide the necessary registration forms.)

Please send the requested information and any other pertinent information regarding this matter at your earliest convenience to the following address:

NAME/ADDRESS

If the above information is not handled by you, please reply with the address of the person to which my inquiries should be directed. Thank you.

The Telecommunications Excise Tax Act ("Act") imposes a tax upon the act or privilege of originating or receiving intrastate and interstate telecommunications by a person in Illinois at the rate of 7% of the gross charges for such telecommunications purchased at retail from retailers. Please see the copy of 86 Ill. Adm. Code Part 495, enclosed. "Gross charge" means the amount paid for the act or privilege of originating or receiving telecommunications in this State and for all services and equipment provided in connection therewith by a retailer. See 86 Ill. Adm. Code 495.100, enclosed.

Charges for "900 number" calls are specifically subject to Telecommunications Excise Tax. See subsection (h) of the enclosed copy of 86 Ill. Adm. Code 495.100. The tax must be collected from the purchaser by a retailer maintaining a place of business in this State.

Section 2(m) of the Act states that a "retailer maintaining a place of business in this State" includes any retailer having or maintaining within Illinois, directly or by a subsidiary, an office, distribution facilities, transmission facilities, sales office, warehouse or other place of business, or any agent or other representative operating within Illinois under the authority of the retailer or its subsidiary, irrespective of whether such place of business or agent or other representative is located here permanently or temporarily, or whether such retailer or subsidiary is licensed to do business in this State. See, 35 ILCS 630/2(m).

Enclosed please find Form RT-2, Telecommunications Excise Tax Return. The statute, at 35 ILCS 630/6, generally requires that returns be filed the 15th day of each month, for telecommunications sold the preceding month. If retailers' average monthly tax billings due to the Department do not exceed \$100, the Department may authorize returns to be filed on a quarter annual basis. If retailers' average monthly liabilities to the Department are \$10,000 or more

during the preceding calendar year, excluding the month of highest liability and the month of lowest liability in such calendar year, and the retailers are not operated by a unit of local government, estimated payments in amounts mandated by statute must also be made to the Department on or before the 7th, 15th, 22nd and last day of the month during which tax collection liability is incurred.

I hope this information is helpful. The Department of Revenue maintains a Web site which can be accessed at www.revenue.state.il.us. If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of the enclosed copy of Section 1200.110(b).

Very truly yours,

Melanie A. Jarvis
Associate Counsel

MAJ:msk
Enc.